



## INSURANCE FRAUD INVESTIGATION DIVISION

### Kentucky Department of Insurance

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### *Fraud Statistics/Charges and Convictions Activity July 2008*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	83	570
Open Cases (Investigations-includes prior years)		265
Assigned Cases (Investigations).....	7	182
Closed Cases (Investigations).....	30	124
Closed Cases (Investigations) Exceptionally Cleared-Declined by Prosecutor.....	6	15
Charges (18 felonies).....	18	161
Convictions (28 felonies, 1 misdemeanor).....	29	78
Restitution Ordered.....	\$ 24,254.66	\$ 1,293,905.76

### *Charges and Convictions Activity*

**Michael Leroy Fleckinger** - On or between 1/06 and 6/07, Fleckinger transacted insurance business without a license from the Kentucky Office of Insurance, by collecting payments of approximately \$9,266.00 and issuing fraudulent insurance identification cards from 43 separate individuals. On 10/2/07, Fleckinger was charged with 13 felony counts of Fraudulent Insurance Acts in Kenton Circuit Court. On 10/15/07, Fleckinger entered a guilty plea to the 13 felony counts of fraudulent insurance acts. On 5/12/08, he was sentenced to confinement in the State Penitentiary for a maximum term of three years on Counts 1-7, to be served concurrently, probated for five years. For counts 8-13, he was sentenced to confinement in the State

Penitentiary for a maximum term of three years probated for five years, both sentences subject to the terms and conditions outlined in the Order of Probation. The sentences imposed for Counts 8-13 shall be served concurrently with each other, but consecutively to the sentences imposed for Counts 1-7, for a total sentence of imprisonment of six years probated for five years. As a condition of his probation, Fleckinger is ordered to serve 12 months as part of the Kenton County Detention Center Electronic Monitoring Program. He was credited with the time spent in custody for 21 days, toward service of the maximum term of imprisonment. He was ordered to pay restitution in the amount \$9,266.00 to his victims beginning 6/1/08 by making monthly payments of at least \$300.00, pay a monthly supervision fee, and pay court costs and a \$150.00 Public Defender fee.

**Robert E. Holbert** - Between 11/9/04 and 11/30/07, Holbert committed the offense of Fraudulent Insurance Acts Over \$300 when he knowingly and with intent to defraud or deceive, presented or caused to be presented, fraudulent certificates of liability insurance forms, knowing that the documents contained false, incomplete, or misleading information and the claim benefit or money exceeded \$300. Specifically, he presented these fraudulent certificates of liability insurance forms to Commercial Paving Company, Performance Exterior, Inc., Flynn Brothers Contracting (two separate occasions), Louisville Drywall Distributors (two separate occasions), and T.S. Trucking (two separate occasions) in order to obtain work. Holbert committed the offense of Criminal Possession of a Forged Instrument II when, with knowledge that it was forged and with intent to defraud, deceive or injure the above named entities, he had in his possession forged instruments with, when completed, purported to be certificates of liability insurance forms. On 4/21/08, Holbert was indicted by the Jefferson County Grand Jury on eight felony counts of fraudulent insurance acts and eight felony counts of Criminal Possession of a Forged Instrument II.

**Kenneth A. Lamere** – From 9/7/04 through 3/20/07, Lamere made a material misrepresentation to Bluegrass Family Health on an application for health insurance, and later on medical insurance election forms by listing Joyce Lamere as his wife despite the fact that they were divorced. On 6/23/08, Lamere was charged with one felony count of fraudulent insurance acts in Woodford District Court.

**James Garner Sadler** - On or between 3/11/04 and 9/14/06, Sadler, of Sadler and Sadler Insurance, a licensed Life and Health agent in Kentucky, took amounts of money from his clients for the purpose of purchasing life, health, and/or Medicare Supplement Insurance, then converted it to his own personal use, and used premium payments collected from clients to pay partial premiums for other clients. Sadler received premiums in excess of \$17,000. Sadler also presented altered checks from his clients to Cumberland Security Bank and converted the money to his own use. On 12/20/07, Sadler was indicted by the Pulaski County Grand Jury on eleven felony counts of fraudulent insurance acts and four felony counts of criminal possession of a forged instrument 2<sup>nd</sup> degree. On 12/27/07, he was arrested at his home and was lodged in the Pulaski County jail under a \$15,000 cash/property bond. On 6/16/08, Sadler entered an Alford Plea and Guilty Plea to the 11 felony counts of fraudulent insurance acts and four (4)

counts of Criminal Possession of a Forged Instrument 2<sup>nd</sup>. He was sentenced to three years imprisonment for each of the 11 counts to run concurrently with one another for a total of three years imprisonment, and three years for each of the four counts to run concurrently with one another for a total of three years imprisonment. Both sentences shall run consecutive for a total of six (6) years imprisonment, suspended, and Sadler will be placed on supervised probation for three (3) years, with probation continuing until full restitution in the amount of \$12,348.66 is paid (which includes investigative expenses to the Fraud Division and is to be paid after restitution is paid in full). He was ordered, among other things, to pay the cost of the court proceedings within 90 days, not to hold any position of trust or fiduciary relationship; not to conduct any insurance business; pay restitution in the amount of \$250 per month to the Pulaski Circuit Court; and perform 450 hours of community service, not less than 150 hours per year and maintain/provide proof.

**Linda M. Schierer** - On or about 9/14/07, Schierer committed the offense of Fraudulent Insurance Acts Over \$300 when she knowingly and with intent to defraud or deceive, caused to be presented or prepared with knowledge or belief that it will be presented to an insurer, by providing Nationwide Insurance with false and misleading information in support of a claim. Specifically, Schierer testified under oath that she hit a concrete post in the Kroger parking lot, while driving her 2008 Toyota Corolla. After an inspection, it appeared that the damages were not consistent with hitting a concrete post. Schierer admitted during the investigation that she had been involved in a vehicle collision and had left the scene of the accident. Nationwide denied her claim as it was based on material misrepresentation. However, had the claim been paid, the benefit would have been over \$300. On 6/16/08, Schierer was indicted by the Jefferson County Grand Jury.

**Juanita H. White** - On or about 7/20/07, White made a claim to State Farm Insurance after a small out building was destroyed following a lightning strike. However, she failed to disclose that the out building was not on her property and therefore was not covered on her policy. On 1/8/08, White was charged with one felony count of fraudulent insurance acts in Woodford District Court. On 6/2/08, she pled guilty to the amended misdemeanor count of fraudulent insurance acts and paid restitution in the amount of \$2,640.00 to State Farm. She received diversion on the condition that she perform 20 hours of community service and donate \$250.00 to a local charity. Her case was dismissed when she completed her community service and made her charitable donation.